

Economic Bulletin

PM „Poland 2010” report is strategy for years

A „Poland 2030 - Development challenges” report become a strategic guideline for next governments wishing to improve the standard of living of Poles. The report’s recommendations could be implemented only on condition that major political forces agreed to cooperate on this, Tusk noted. „(..)there are some challenges that must be exempt from political fighting and given the status of strategy to be implemented over long years,” he declared.

The report lists policies that should be adopted to enable Poland catch up with highly developed countries in the next 20 years. Among other things, it is necessary to stimulate innovations, delay the retirement age, construction of motorways and expressways, and diversification of energy sources (including LNG imports).

Recommendations of the report assume that Poland’s economy will grow at 5 pc annually or faster, retirement age will rise to at least 67 years by 2030, unemployment rate will be kept below 5 pc, and employment rate will grow to at least 75 pc in 2030, from 60 pc at present. He added actions should be take despite of economic crisis. The report was prepared by a team of experts led by Michal Boni.

It says that in order to implement this strategy Poland will defend low budget deficit and strive for euro zone accession, among other things. „Poland will defend four areas important for the credibility of its economy and which at the same time are important engines of development:

A low budget deficit combined with caution in increasing public debt (..), B/ continuation of development trends by supporting investment effort assisted by EU funds, more available credits for firms, continuation of technologically innovative projects and programmes aimed at building up intellectual capital, C/ march to the euro zone seen as a milestone of Poland’s de-

■ Prices of commodities and consumption services in May rose by 3.6 pct year-on-year and by 0.5 pct month-on-month, the Central Statistical Office GUS has reported.

■ The average gross wage in May stood at PLN 3,193.90 or, up 3,8 pct y/y and down 3.1 m/m, the GUS has reported.

■ Industrial output fell by 5.2 per cent year-on-year in May 2009 after a 12.2 per cent y/y fall in April and fell 1.8 per cent month-on-month, the Central Statistical Office (GUS) announced on Friday..

■ Production prices in May went up 3.7 per cent year-on-year and fell 0.3 per cent month-on month, the Central Statistical Office (GUS) announced on Friday.

■ The number of issued construction licenses totalled 16,153 in May 2009 which means it was lower by 16.3 pct year-on-year and 5.9 pct month-on-month, the Central Statistical Office GUS has reported. Since the start of the year the number of licenses totalled 74,986 or, down 18.5 pct y/y.

■ Polish housing completions increased by 4.4 pct year-on-year to 10,153 flats in May, the Central Statistical Office (GUS) said Tuesday. The figure was down by 15.7 pct from April. Since the start of the year housing completions of 63,659 were 8.2 pct higher than in the year-prior period.

velopment and actual finalisation of the adjustment stage of the transformation, D/ need for further structural reforms and adopting a policy of development which are the necessary conditions for easing the consequences of economic slowdown and putting Poland on the path of „constructive destruction” (..),” the report says.

■ Poland’s foreign trade deficit reached 2 billion 373.5 million euros after April, the Main Statistical Office (GUS) announced on Monday. The foreign trade deficit denominated in USD reached 3 billion and 188.3 million.

■ Poland’s budget deficit reached 16 billion and 402.5 million zlotys at the end of May or 90.2 pct of the planned annual budget deficit of 18.2 billion zlotys, the Finance Ministry said on Monday. Budget spending stood at 127.4 billion zlotys, or 39.7 percent of the planned 321.2 billion zlotys. Budget revenues reached 111.5 billion zlotys, or 36.6 percent of the 303 billion zlotys planned for 2009.

■ Poland recorded a current account surplus of EUR 171 mln in April from EUR 75 mln surplus in March, exceeding the expected figure of EUR 77.5 mln surplus, according to central bank figures released Wednesday. The trade surplus amounted to EUR 28 mln. Exports of goods declined by 29.8 pct year-on-year to EUR 7.908 bln. The consensus forecast put export decline at 24.8 pct. Imports declined by 37.0 pct y/y to EUR 7.880 bln. The consensus forecast put import decline at 32.3 pct.

63 pct of employers support flat tax

Nearly 63 pct of employers opts for the introduction of a flat personal income tax in Poland. Close to 18 pct voice the opposite opinion, fund a survey run by the Polish Confederation of Polish Employers PKPP Lewiatan and PricewaterhouseCoopers (PwC) consulting firm in May and June in a group of 151 firms.

More than 17 pct of the surveyed employers were for the delay of the introduction of the PIT flat rate until economic and state budget situation improved.

Most businessmen (56 pct) agree that PIT reform should be tied to the liquidation or limitation of tax allowances except for the allowance for children.

Lewiatan expert Rafał Iniewski believes that this allowance „does not have a major rationale and undermines the idea of the flat tax which does not envisage any preferences.” The Lewiatan and PwC survey also indicates that a considerable part of employees (75 pct) opts for a change in regulations on PIT. „At present tax deductible expenses amount to some PLN 20 a month. They are so inconsiderable that as many as 36 pct of respondents opted for replacing them by health packages or commuter packages, Iniewski noted. He added that businessmen were for the latter solution in case of progressive tax being at force. Most PIT payers asked by Lewiatan and PwC supported the introduction of a flat tax okaying, at the same time, the liquidation of allowances except for the allowance for children and for education (their's and their children).

1 USD = 3.27 PLN

1 EUR = 4.54 PLN

PRZEMYSŁ

Stichting Particulier Fonds Greenrights, the investor that bought the key assets of Gdynia and Szczecin shipyards received guarantees of Arab's Qatar Islamic Bank, the treasury ministry has reported. The ministry added that Qatar Islamic Bank (QIB) received the guarantees in cooperation with Qinvest LLC.

INVESTMENTS

US packaging maker Printpack has completed the first stage of a 40 million zloty investment project in the Lodz special economic zone on Thursday. Printpack is building a new, 10 thousand sq metre plant in Kutno, central Poland. The entire project is to be ready in a year. The plant will employ 85 people. Printpack CEO Dennis Love said Thursday that this is the company's first plant on the European continent adding that it will be a solid service platform for customers from northern, central and eastern Europe. The company specializes in the production of flexible packaging. Among its key customers are Pepsico, Nestle, Coca-Cola and Unilever.

INDUSTRY

The Southern Coal Concern, part of the Tauron energy group in 2008 posted net earning of PLN 70.2 mln. This is Poland's only mining company belonging to the energy sector. Data indicate that in 2008 it was outdid by Jastrzębska Coal Company while results of the Coal Company and Katowice Coal Holding were much worse.